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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS**

2004 JUN 21 P 4:04

In re VASO ACTIVE PHARMACEUTICALS
SECURITIES LITIGATION

U.S. DISTRICT COURT
DISTRICT OF MASS.

) Master Docket No. 04-10708-

) RCL

This Document Relates To:

)

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ALL ACTIONS.

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**MEMORANDUM OF LAW IN FURTHER SUPPORT OF THE MOTION OF THE
CHAE GROUP TO BE APPOINTED LEAD PLAINTIFF AND FOR APPROVAL OF
LEAD PLAINTIFF'S SELECTION OF LEAD AND LIAISON COUNSEL**

Vaso Active Pharmaceuticals, Inc. (“Vaso Active”) investors Ki & Young Chae, Norman Brodeur and Joseph Salmassi (collectively, the “Chae Group”) respectfully submit this Memorandum of Law in Further Support of their Motion to Appoint Lead Plaintiff and approve Lead Plaintiff’s selection of Lead and Liaison counsel.

PRELIMINARY STATEMENT

Presently pending before this Court are seven competing motions, which were filed on or about June 7, 2004. Each motion was made on behalf of investors seeking appointment as Lead Plaintiff and approval of their respective selection of Lead Counsel. The seven movants are as follows: (1) the Chae Group; (2) Edwin Choi, Richard Ching and Joe Huback (the “Choi Group”); (3) Modhi Gude, Arji Gauthami, Scott Brook, Shel T. Diamond and Joyendu Mukherjee (the “Gude Group”); (4) Luz Merturi, Brenda Reinemund on behalf of Glen Reinemund, Derek Bauer, Maria Pia Hellrigl, and Hector Tarazona (the “Merturi Group”); (5) Michael Berteletti; (6) David Brody, as Co-Trustee of the Brody Family Revocable Trust; and (7) Eduard Slinin.

The Private Securities Litigation Reform Act of 1995 (the “PSLRA”) directs that courts “shall appoint as lead plaintiff **the member or members of the purported plaintiff class** that the court determines to be most capable of adequately representing the interests of class members.” 15 U.S.C. §78u-4(a)(3)(B)(i) (emphasis added). The PSLRA further instructs that courts shall adopt a presumption that the most adequate plaintiff is **the person or group of persons with the largest financial interest and which satisfies the requirements of Fed. R. Civ. P. 23** (“Rule 23”). 15 U.S.C. §78u-4(a)(3)(B)(iii) (emphasis added).

As set forth in the Chae Group’s lead plaintiff motion, it suffered substantial losses of more than \$325,000 in connection with its purchases of Vaso Active securities during the Class

Period.

Nevertheless, the Chae Group realizes that the Choi Group has the largest financial interest and appears otherwise capable of running this litigation. All other competing movants have suffered far lesser losses than the Chae Group and therefore should not be considered as lead plaintiffs. The following chart sets forth the losses of all of the movants:

MOVANT	REPORTED LOSSES
The Choi Group	\$ 339,239.00
The Chae Group	\$ 325,000.00
The Gude Group	\$ 247,000.00
The Merturi Group	\$ 196,323.97
Michael Berteletti	\$ 71,800.00
David Brody, as Co-Trustee of the Brody Family Revocable Trust	\$ 46,736.16
Eduard Slinin	\$ 31,331.00

Therefore, while the Choi Group appears to be the presumptive most adequate lead plaintiff, the Chae Group nevertheless stands ready, willing and able to serve as Lead Plaintiff should the Court reject the Choi Group's lead plaintiff application.

Dated: June 17, 2004

Respectfully submitted,

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I hereby certify that I have made service
of the foregoing document in accordance
with the provisions of Fed. R. Civ. P. 5.
6/21/04 *Th DW*